

1                   (Whereupon those were all  
2                   the proceedings had in camera.)

3           JUDGE MORAN: Okay, we are finished with this  
4   in camera portion, and we are returning to the  
5   public record.

6   BY MS. SHERRY LICHTENBERG:

7           Q.   And these are questions that were  
8   provided, but I would like to start --

9           JUDGE MORAN: Worldcom is questioning through  
10   Ms. Lichtenberg.

11   BY MS. SHERRY LICHTENBERG:

12          Q.   I would like to start by doing a little  
13   bit of follow up.  There were a few things that I  
14   don't understand and I would like to get it, to  
15   make sure that I'm clear.

16                When you say transaction testing, what  
17   you mean, let me see if I can do it, is that  
18   after the transaction was received in the first  
19   Ameritech system that actually receives and opens  
20   a transaction, that is where your transaction  
21   testing began; is that correct?

22          MR. KEVIN GRAY: It really depends on the

1 performance measure and the data. Typically  
2 that's where we would select our sample from.  
3 That's not necessarily where we get all the data  
4 for that detailed transaction.

5 Q. Let me see if I can ask some specific  
6 questions that will make me understand if it was  
7 a manual transaction sent by facsimile you  
8 actually got the real manual transaction and  
9 looked at it; is that correct?

10 MR. KEVIN GRAY: Correct.

11 Q. If you noted that was the same with the  
12 transaction sent by e-mail; is that correct?

13 MR. KEVIN GRAY: Correct.

14 Q. Would you identify for us what  
15 transactions can be sent to Ameritech via e-mail,  
16 what sort of orders are sent via e-mail, or do  
17 you happen to know?

18 MS. BLOOM: I think we would have to get back  
19 to you on that one. You want to know every type  
20 of transaction --

21 MS. SHERRY LICHTENBERG: I want to know every  
22 type of transaction that can be sent via e-mail

1 to SBC Ameritech.

2 BY MS. SHERRY LICHTENBERG:

3 Q. When we look at EDI, do you look at the  
4 CLEC transaction to see if it exists in the EDI  
5 translator program?

6 MR. KEVIN GRAY: The EDI translator program is  
7 really a pass through. It receives -- and again  
8 it's only for certain interfaces. So as a  
9 transaction is received it goes through the EDI  
10 translator and then into the source system.

11 Q. So if there was a transaction that got  
12 into that translator, but got eaten, you wouldn't  
13 have seen that, correct?

14 MR. KEVIN GRAY: There are -- in our  
15 transaction testing?

16 Q. Yes.

17 MR. KEVIN GRAY: No, we wouldn't see it.

18 Q. So you are really doing -- let me just  
19 make sure, because that EDI translator, if we go  
20 back to the old New York meltdown, that was the  
21 piece that melted down and all those transactions  
22 got lost.

1           You are looking at an EDI transaction  
2   after it gets out of the translator and when it  
3   hits the first SBC system that actually collects  
4   that data?

5       MR. KEVIN GRAY: For the transactions that go  
6   through the EDI translator, which is some of the  
7   transactions.

8       Q.   Would you suggest that's a lot of  
9   transactions?

10      MR. KEVIN GRAY: I can't say whether it's a lot  
11   or it's very few, actually.

12      Q.   I don't have the current volume that MCI  
13   is sending on a daily basis, but it's well over  
14   1,000 and every one of them are sent via EDI and  
15   go through that translator. Are those large  
16   volumes coming in manually by fax and e-mail as  
17   well?

18      MR. KEVIN GRAY: I would assume that it is.

19      MR. BRIAN HORST: Certainly there is going to  
20   be more transactions via EDI.

21      Q.   And so we've got a hold here, correct,  
22   because you didn't send any real transactions to

1 know whether or not that EDI translator may be  
2 either eating those transactions or doing  
3 something else with them that isn't right. There  
4 could be a lot of missing transactions or maybe  
5 none.

6 MR. KEVIN GRAY: For the transaction testing  
7 piece, that's the case. As part of our  
8 methodology we did document the controls that  
9 were in place and documented our understanding of  
10 how that came in from the GUI or GEIS/VAN or  
11 whichever EDI that you are using to come into the  
12 EDI translator. Controls that were in place that  
13 said, okay, I sent so many transactions, I  
14 received so many transactions.

15 Q. And I'm talking specifically about EDI not  
16 about any GUI interfaces, because that is  
17 primarily the way that CLEC's communicate here in  
18 this region.

19 You also, when you talk about your  
20 transaction testing, you went to the LSC or the  
21 LOC, I never remember which, and you looked at  
22 transactions being typed, I think you said; is

1       that correct?

2           MR. KEVIN GRAY: Um-hmm.

3           Q.   So how did you test flow through  
4       transactions, the ones that never got looked at  
5       by a human being?

6           MR. KEVIN GRAY: Again, those were selected  
7       specifically from our transaction testing, from  
8       those source systems. Those flow through  
9       transactions were coming in through those  
10      interfaces.

11          MR. BRIAN HORST: I'm not sure you are asking  
12      specifically about PM 13 or 13.1.

13          Q.   No, I'm asking generically. You keep  
14      using transaction testing as the word. It sounds  
15      to me as if it is transaction evaluation.  
16      Because I always think of testing, like did you  
17      look at -- did you ask me, for instance, how many  
18      transactions I sent on March 30th, and did you  
19      figure out on the raw data before exclusions if I  
20      sent five you had five. You didn't ask CLEC's  
21      that, right?

22          MR. KEVIN GRAY: No.

1 Q. Did you ask Ameritech that?

2 MR. KEVIN GRAY: As far as what?

3 Q. As far as what is the volume of  
4 transactions received by your EDI processor on  
5 the date where you are going to start looking at  
6 those transactions in the source system to see if  
7 the numbers match?

8 MR. KEVIN GRAY: Again we looked at the  
9 controls because that's a daily -- depending on  
10 the process for that specific EDI transaction  
11 that you are talking about, or process for  
12 submitting those EDI transactions, we looked at  
13 the controls around that to know whether or not  
14 -- are there controls in place that insure that  
15 the data is accurate. Are there data edits up  
16 front. And then I sent so many transactions, I  
17 received so many transactions and that those  
18 transactions then did get into the source  
19 systems.

20 Q. So I think your answer is no, but let me  
21 try it a different way. How did you validate  
22 that volumes existed to make sure that if I sent

1     5,000 transactions through the SBC interface on  
2     Monday, that the first source system that you  
3     looked at before any business rules were applied  
4     had 5,000 transactions? What controls that, what  
5     did you look at?

6           MR. KEVIN GRAY: It's the same answer that I  
7     just gave you.

8           Q. I'm sorry?

9           MR. KEVIN GRAY: It's the same answer that I  
10    just gave you.

11          Q. I didn't think that you gave me the name  
12    of the controls or the control system. In other  
13    words, what control is in place to count those,  
14    do you know?

15          MR. KEVIN GRAY: It depends on, like I said,  
16    the electronic interface. There are several  
17    electronic interfaces going through, there are  
18    several different ways that EDI transactions get  
19    through the system.

20                 And so at those different points there  
21    are various controls. There are controls as far  
22    as -- and it depends on, I do not believe that



1 EDI transactions go directly to the EDI  
2 translator, I believe they probably have to go  
3 through a firewall or something else that gets  
4 them there.

5           And so there are some controls in place  
6 in which basically here is the file, here is the  
7 number of records on that file. And as they go  
8 into the translator, the translator received this  
9 many files, this many records, here's how many  
10 are sent on to the source system. The sources  
11 system says here's how many I received.

12       Q. So for EDI LSOG 4 going through the ARAF,  
13 would you tell me, can you come back to us with  
14 the specific controls that are applied between  
15 the CLEC order hits the firewall, what control is  
16 there to make sure that the numbers -- that all  
17 of them stay there, and the translator. So that  
18 the -- and then the name of the system where you  
19 first saw these records?

20       MR. KEVIN GRAY: We can respond with that.

21       Q. Let me go back to a question that AT&T  
22 asked and I'm still confused about as well. We

1     were talking about change management, and  
2     accessible letters, I believe. And whether an  
3     accessible letter that changed a set of business  
4     rules was counted in the metrix. And I just  
5     wanted to validate with the young lady behind you  
6     that you understood that question.

7           MR. BRIAN HORST: Let us get back to you on  
8     that question.

9           Q. And would you provide the business rule  
10    number that shows the exception that says an  
11    accessible letter that changes documentation to  
12    an interface, before the final announcement of  
13    that interface, which I believe is what you said,  
14    is not counted by Ameritech in their metrix.

15          MS. ANDREA AUGUST: It was modifications to a  
16    change.

17          Q. Yes. So I want the business rule that  
18    says a modification to a change that impacts the  
19    documentation or the coding, that that is not  
20    counted in the business rules. The business rule  
21    that shows you don't count it.

22                   Question about the daily usage feed for

1 the young man in the back. Help me understand  
2 what your understanding is of what a daily usage  
3 fee is and what it's for?

4 MR. BRAD SHEPPARD: We are actually going to  
5 reply in writing so you will get a copy of that  
6 as well.

7 Q. So I take it you are changing the answer  
8 that you gave AT&T? Because I believe you told  
9 AT&T that the daily usage fee timeliness metrix  
10 was calculated on the monthly billing cycle. So  
11 you are going to come back with a new answer?

12 MR. BRAD SHEPPARD: No, we are going to give  
13 you the minute details of what we performed in  
14 writing.

15 MS. BLOOM: We provided an answer and we all  
16 said we can provide with an elaboration. So you  
17 can either accept the short form answer or you  
18 are welcome to read the more elaborate.

19 MS. SHERRY LICHTENBERG:

20 Q. I am looking forward to the detailed  
21 answer. Let me ask you again generally about  
22 data integrity. You insure data integrity by

1 looking at these transactions that may or may not  
2 be 100 percent of transactions. Can you tell me  
3 again how you define data integrity.

4 MR. BRIAN HORST: Data integrity in terms of an  
5 audit is making sure that everything that goes  
6 into the measures is accurate.

7 Q. And can you help me define materiality,  
8 this plus or minus 5 percent in audit terms? I  
9 know that if I file my taxes plus or minus 5  
10 percent of what I made, they think that that's  
11 definitely a problem. Why can I be off 5 percent  
12 either direction in an audit like this?

13 MR. BRIAN HORST: That's our auditor's  
14 judgment. In addition to the 5 percent  
15 materiality we also apply whether the issue  
16 impacted parity or benchmark performance.

17 MR. DAN DOLAN: So we have both a quantitative  
18 and qualitative definition in terms of  
19 materiality.

20 Q. I have some written questions for you and  
21 some follow-up questions. Ms. Weber talked about  
22 Attachment A exceptions to compliance where the

1     metrix were restated and you went back and  
2     retested by looking at another month. That would  
3     have been Attachment Q to Mr. Ayers testimony and  
4     it's your Attachment A, exceptions to compliance.

5             Could you provide in your answer to her  
6     the month that you reevaluated for each one of  
7     these corrections, the month of data that you  
8     looked at to reevaluate?

9             MR. BRIAN HORST: Yes.

10            Q. Worldcom's Question 3 -- well, actually,  
11     Worldcom's Question 2, which is how many EDI  
12     transactions did you evaluate, and could you  
13     break them between your view of the various EDI  
14     interfaces?

15            MR. KEVIN GRAY: The question that was received  
16     is how many EDI transactions did E&Y evaluate,  
17     where did the data captured, how did E&Y  
18     determine that these transactions were actually  
19     sent by the CLEC's. That's a little bit  
20     different than what you just asked.

21            Q. Well, you helped me understand that you  
22     count EDI in terms of various blocks, like EDI

1 GUI and apparently EDI other things. I would  
2 like that desegregation, if I could. Because I  
3 don't think that when I say EDI, I don't think of  
4 the GUI, so I've asked the question too  
5 generically. If you need to come back to us with  
6 that answer, that's fine. I want total number of  
7 transactions.

8 MS. BLOOM: Excluding the GUI ones?

9 MS. SHERRY LICHTENBERG: No, I want to see  
10 number of GUI, order and preorder. Number of EDI  
11 -- Mr. Connolly --

12 MR. KEVIN GRAY: What GUI are you talking about  
13 specifically?

14 Q. Any GUI's you looked at. Please name each  
15 one and desegregate by the name of the GUI?

16 MR. KEVIN GRAY: How would you define EDI?

17 Q. I'm defining EDI as transactions sent  
18 electronically via electronic data interchange  
19 protocol, through the ARAF into the EDI  
20 translator at SBC Ameritech by LSOG 4 and by LSOG  
21 5.

22 JUDGE MORAN: At a certain point let me know if

1     that's too burdensome. I don't know what all  
2     this is and I don't know how it relates to any  
3     party's position or theory of the case.

4           MS. BLOOM: Why don't you finish articulating  
5     out what you want.

6           MS. SHERRY LICHTENBERG: I think I've finished  
7     and when Forte comes up they may be --

8           MS. BLOOM: I'm not sure I got the LSOG  
9     numbers.

10          MS. SHERRY LICHTENBERG: I'm looking at the GUI  
11     and I would like to desegregate the name of GUI  
12     and the version number that you believe you  
13     looked at. In terms of EDI I would like to know  
14     the number of transactions, both preorder and  
15     order, sent by electronic data interchange  
16     protocol, through the ARAF and into the SBC  
17     Ameritech EDI translator in LSOG 4, all dot  
18     versions, LSOG 5, all dot versions.

19                 And if any LSOG 1, also known as Version  
20     7 transactions were sent by electronic data  
21     interchange during March, I would like to know  
22     those volumes as well.

1           MR. BRIAN HORST: For what, preorder and order?

2       BY MS. SHERRY LICHTENBERG:

3           Q.    Preorder and order.   If EDI, LSOG 1,  
4       Version 7 was still -- occurred in any of your  
5       months I would like to know.   I would assume that  
6       you've looked at that desegregation.

7           MR. BRIAN HORST: The versioning I think might  
8       be an issue.

9           Q.    As in 1, 4 and 5?

10          MR. BRIAN HORST: Yeah, what version of LSOG 4.

11          Q.    I just care at the highest level of LSOG  
12       4.   I just want to make sure you captured all the  
13       versions.

14          MR. KEVIN GRAY: That goes through the  
15       translator?

16          Q.    That got to the translator, yes or where  
17       you picked it up.

18          MR. KEVIN GRAY: That went through the  
19       translator, okay.

20          MR. JOHN KERN: Kevin, you understand the  
21       question?   I mean, with all due respect, Sherry,  
22       you kept kind of modifying as you were going on.



1           MS. SHERRY LICHTENBERG: I was trying to  
2       simplify it. I guess -- I think they've got it,  
3       but I'll be happy to --

4           MR. JOHN KERN: Write it out if they don't have  
5       it.

6           MS. BLOOM: Yeah, we don't have access to the  
7       transcript right away.

8           MS. SHERRY LICHTENBERG: I'll be happy to send  
9       you a written version.

10          MS. BLOOM: That would speed up the where  
11       everybody is going to want their questions back  
12       within 7 days, that question may be more  
13       burdensome than some of the other ones. So to  
14       the extent that some questions are going to take  
15       longer, my guess is that's one that is going to  
16       fall in that category.

17          MS. SHERRY LICHTENBERG: I guess I'm concerned  
18       because each of the transactions that reaches  
19       Ameritech is very often treated differently,  
20       based on the version of software under which it  
21       was submitted.

22                   And the validity -- I'm concerned about

1     did it get -- your pool of transactions that you  
2     evaluated, I am concerned at how we look at them,  
3     so that's the purpose of the question.

4     BY MS. SHERRY LICHTENBERG:

5         Q.   Our Question 3, I believe you've already  
6     answered that, let me just ask the last part.  
7     How did Ernst and Young determine that CLEC's  
8     were aware of and understood the differences in  
9     business rule interpretation between Ameritech  
10    and the written business rule?

11        MR. BRIAN HORST: Through disclosure and  
12    Attachment B to our report.

13        Q.   We'll skip No. 4, I think you've already  
14    answered it. In our Question 5, I believe you've  
15    answered, is your controls report still  
16    qualified?

17        MR. BRIAN HORST: Related to March, April, May  
18    2002, yes.

19        Q.   And you have -- do you have any controls  
20    report related to the subsequent months or to  
21    current controls?

22        MR. BRIAN HORST: No, we do not.

1           Q.   And did you validate in any way that the  
2           controls that were put in place for March, April  
3           and May are still in place today?

4           MR. BRIAN HORST: No, we don't.

5           Q.   Our Question 6, what process did you use  
6           to learn how CLEC's submit orders and receive  
7           information back?

8           MR. KEVIN GRAY: Through basically how, through  
9           interviews with SBC subject matter experts,  
10          operational documentation, site visits, business  
11          rules, several of the PM's are broken out by  
12          interface, walk-throughs of the operational  
13          controls and processes pertaining to the  
14          stipulated PM's. When did we do this, over the  
15          course of our field work. And where, depending  
16          on the process under review some were site visits  
17          at various Ameritech locations.

18          Q.   I'm confused. Did you visit any CLEC's to  
19          see them submitting orders?

20          MR. KEVIN GRAY: No.

21          Q.   Did you talk to any CLEC's to understand  
22          how CLEC's submit orders and to see what the EDI

1 transaction process is?

2 MR. KEVIN GRAY: No.

3 Q. No. 7, I think we have the answer, you did  
4 not submit any transactions, correct?

5 MS. BLOOM: That has been asked and answered  
6 already.

7 MS. SHERRY LICHTENBERG: I just wanted to make  
8 sure I got it.

9 MS. BLOOM: I'm sure the record will reflect  
10 it.

11 BY MS. SHERRY LICHTENBERG:

12 Q. No. 8, you had a lot of code review and I  
13 think you discussed how you evaluated the way  
14 that changes were made. Did you do regression  
15 analysis to make sure that that code didn't  
16 impact other code?

17 MR. PATRICK GREEN: We verified the specific  
18 action that was made to the code. As far as  
19 specific regressions, I would say no.

20 Q. So if they made a change to the code, if  
21 the code needed to go to position 42 in the  
22 record, instead of 43, and then take that number

1     and calculate something else, you didn't go back  
2     and say oh, well, when we go to 42 and  
3     recalculate we should have used that number back  
4     in our first calculation. That's what I would  
5     consider to be regression analysis.

6           MR. PATRICK GREEN: Could you repeat that?

7           Q. Regression analysis, by definition, looks  
8     at how changes to code impact previous modules  
9     related to that code.

10          MS. BLOOM: Is the question does he agree with  
11     this definition?

12          BY MS. SHERRY LICHTENBERG:

13          Q. Well, let's start with that. Does that  
14     match your definition of regression analysis?

15          MR. PATRICK GREEN: Um-hmm. No, we didn't do  
16     regression analysis.

17          Q. You did no regression analysis?

18          MR. PATRICK GREEN: No.

19          Q. So you don't know whether any of the  
20     corrections broke other things?

21          MR. PATRICK GREEN: That's correct.

22          Q. I probably missed this yesterday because

1 I'm sure somebody asked it, our Question 9 did  
2 you have any meetings with BearingPointe to  
3 understand how they did their work?

4 MR. BRIAN HORST: We met with BearingPointe  
5 back in early 2002 at the request of the company  
6 to discuss our approach.

7 Q. And I know that what you have said is that  
8 your data replication is the same as that done in  
9 PRM 4 and PMR 5, and that your data integrity is  
10 the same as the data integrity being looked at in  
11 the data integrity section of the BearingPointe  
12 text; is that correct?

13 MR. BRIAN HORST: We have said that we have  
14 tested data integrity through review of controls.  
15 We are also looking at BearingPointe exceptions  
16 related to data integrity which I don't believe  
17 there are any formal exceptions.

18 We are also looking at the operational  
19 functionality test that BearingPointe is doing to  
20 observe if there are any major issues in  
21 functionality that would indicate that there was  
22 issues with the interfaces. To my knowledge we

1 are not aware of any major issues. We've  
2 inquired of the Company regarding the status of  
3 any separate integrity testing that is going on  
4 with BearingPointe.

5 There are still issues obviously that  
6 they are working through, but the Company has  
7 indicated that there is nothing that they are  
8 aware of that has come up through that process.  
9 In addition to everything that Kevin has already  
10 described to you today, that's what we have done.

11 Are we saying we are doing the exact  
12 same thing that BearingPointe is doing, no, we're  
13 not. We are testing data integrity through a  
14 variety of different ways, through our  
15 transaction testing, through observation, through  
16 controls, through manual site visits, through a  
17 variety of things.

18 Q. I think you said in Michigan that you  
19 weren't looking at anything operational because  
20 you weren't doing an operational OSS test. But I  
21 thought you just told me you were looking at  
22 operational problems.

1           MR. BRIAN HORST: No, we have no -- operational  
2       issues are not in the scope of our engagement.  
3       My comment is if there is a major issue with the  
4       EDI transactions, I would have thought that would  
5       have come up in functionality testing.

6           Q.    So if BearingPointe had found that  
7       transactions they sent were missing in the source  
8       systems would you have -- would you have -- how  
9       would you have validated that on your side?

10          MR. BRIAN HORST: There are observations out  
11       there, clearly, that BearingPointe is saying  
12       observations versus exceptions.

13          Q.    I don't know whether they've been closed,  
14       but there was an exception showing that 11  
15       percent of the E911 records were missing?

16          MR. BRIAN HORST: We have a similar exception.

17          Q.    I realize that, I just want to make sure  
18       that when you say observations I thought there  
19       were some exceptions as well.   Help me out,  
20       though, you were finishing.

21          MR. BRIAN HORST: What was the question?

22          Q.    The question is since you are not looking



1 at the initial interface to find out if the  
2 transactions go through it, and since you don't  
3 have any transactions of your own, how can you  
4 tell whether the BearingPointe missing  
5 transactions is or is not germane?

6 MR. BRIAN HORST: Well, what we have done is we  
7 have looked at the BearingPointe observations,  
8 and we have sat down and we have talked with the  
9 Company regarding the status of those  
10 observations that are out there.

11 The majority of the observations that  
12 I've seen in the review indicate that of  
13 thousands of transactions there is a small number  
14 that are missing, those are the ones that are out  
15 there on the observations. Through discussions  
16 with the Company, it sounds like they continue to  
17 work through those items.

18 I'm not aware from discussions with the  
19 Company that there has been any indication that  
20 they are aware of that there are major issues  
21 with data integrity. So we have done those steps  
22 in addition to what we have done.

1           Q.   Have you talked with BearingPointe to  
2   understand their point of view?

3           MR. BRIAN HORST: We have not had conversations  
4   with BearingPointe.

5           Q.   And if the Company -- if the Company knew  
6   that there were major problems, do you think they  
7   would tell you?

8           MS. BLOOM: Object, that calls for speculation.

9           MR. TOWNSLEY: You know, we have been told this  
10   is supposed to be a workshop type atmosphere. If  
11   we are going to follow the rules of evidence and  
12   process and procedure --

13          JUDGE MORAN: Well, what was your objection,  
14   that it's speculation?

15          MS. BLOOM: Yeah.

16          JUDGE MORAN: That is the thing, that doesn't  
17   help you and you are putting them in a position  
18   where they can't answer.

19          MS. SHERRY LICHTENBERG: Let me see if I can  
20   reask it in a better way.

21          JUDGE MORAN: In that sense it is a legitimate  
22   thing, Darrell. What are you going to get out of

1     this?  They are not going to give you an answer  
2     that is useful.

3           MR. TOWNSLEY:  We don't know unless we ask it  
4     and get an answer back.

5           JUDGE MORAN:  The question is faulty, the  
6     question is not designed to get a factual  
7     response, it's designed to get speculation.

8           MR. TOWNSLEY:  She'll ask it another way.

9           JUDGE MORAN:  That's fine, that's all I'm  
10    asking.

11   BY MS. SHERRY LICHTENBERG:

12         Q.  If there is a BearingPointe observation  
13    open, or an exception, you read it, and go ask  
14    the Company about it, is that what you said?

15         MR. BRIAN HORST:  That's correct.

16         Q.  Do you DO any independent verification of  
17    the response the Company gives you?

18         MR. BRIAN HORST:  In certain instances, yes, we  
19    would look at the response as well as -- the  
20    official responses on the website.  We are doing  
21    an independent test of the systems, we are  
22    looking at those observations and exceptions just

1 to see if there is something major that we need  
2 to be aware of.

3 MR. DAN DOLAN: I think we categorize these as  
4 collaborative type procedures. Those aren't our  
5 main procedures, obviously we know how we are doing  
6 things, we also make sure we know what may be out  
7 there as well so we're not blind sided.

8 So as Brian said, we have discussions  
9 with the Company. To the extent we don't  
10 understand the situation we do follow up, but  
11 that is not a primary basis for our opinion. It  
12 is a collaborative type procedure to make sure we  
13 are aware and not just having blinders on in  
14 terms of what we're doing.

15 MR. MacBRIDE: Did you say collaborative or  
16 corroborative?

17 MR. DAN DOLAN: Corroborative, I'm sorry.

18 BY MS. SHERRY LICHTENBERG:

19 Q. So your answer, basically just to boil it  
20 all down is, we don't think there are any data  
21 integrity issues of significance; is that  
22 correct?

1           MR. BRIAN HORST: Our understanding at this  
2 point is there are still data integrity issues  
3 that the Company is working through with  
4 BearingPointe. Our understanding is also at this  
5 point that the Company is not aware that there  
6 are major issues in data integrity at this point.

7           Q. Our Question 14, where did you obtain the  
8 business rules that you used to evaluate the  
9 metrix?

10          MS. BLOOM: I think this is about the third  
11 time this question has been answered.

12          MS. SHERRY LICHTENBERG: I'm sorry, I didn't  
13 hear it asked before.

14          MS. BLOOM: This is the red line question?

15          MS. SHERRY LICHTENBERG: I haven't got to the  
16 red line question, this is the initial question.

17          MR. BRIAN HORST: What we did is we obtained  
18 the Version 1.8 business rules off the CLEC  
19 website and we've reconciled those to the  
20 Illinois Tariff CR No. 20, Part 2, Section 10,  
21 Section E referred to as Version 1.8092001.

22          Q. And then in Michigan you said -- this is

1     where I'm a little confused. In Michigan you  
2     said, this is our Question 15, that you used a  
3     version of the business rules that Mr. Kern was  
4     circulating that the CLEC's were collaborating  
5     on. Did you use those in Illinois as well?

6           MR. BRIAN HORST: We obtained a revised version  
7     of those business rules as of January 6th, 2003.

8           Q. So they are different than the ones that  
9     you used in Michigan, correct?

10          MR. BRIAN HORST: I believe they are, yes.

11          Q. And just so I understand, in some of the  
12     responses that SBC makes to some of your  
13     interpretation questions, SBC says when the  
14     business rule is changed, based on the  
15     collaborative, we will be calculating this metrix  
16     correctly, because today we are calculating it  
17     the way it's going to be changed to, am I right?

18          MR. BRIAN HORST: Can you rephrase that  
19     question?

20          JUDGE MORAN: Yeah, that question --

21          BY MS. SHERRY LICHTENBERG:

22          Q. In some of your business rule

1     interpretations the answer that SBC gives you is,  
2     yes, we are calculating -- we are not following  
3     the 1.8 version business rule, we are calculating  
4     based on the business rule being discussed in the  
5     collaborative.

6           MS. BLOOM: Do you have a specific example that  
7     you can cite?

8           JUDGE MORAN: The question is has that been  
9     represented to them.

10    BY MS. SHERRY LICHTENBERG:

11           Q.   Has that been represented to you, that the  
12    calculations that are being done, that are the  
13    subject of your interpretation, are using this  
14    new business rule that is not yet in effect?

15           MR. BRIAN HORST: The genesis of the  
16    interpretation to begin with to get disclosed in  
17    the report was the fact that they were following  
18    a different interpretation than was disclosed in  
19    the business rules.  Different literal  
20    interpretation, not a -- not something we  
21    consider to be an exception from the business  
22    rules.  They had applied an interpretation, which

1 we have deemed as reasonable, we have disclosed  
2 that interpretation in our report. And we have  
3 agreed the Company's response back to the red  
4 line version in the cases where there was.

5 Q. And in the cases where you were able to  
6 agree them back to the red line version, which is  
7 exactly what I was asking, so thank you, did you  
8 verify that CLEC's knew that SBC had already  
9 created code to implement a red line version of  
10 the business rules?

11 MR. BRIAN HORST: That is not a discussion  
12 we've had with the CLEC's. We certainly have had  
13 a public report out there which discloses the  
14 interpretations.

15 Q. And just so I understand, this red line  
16 version that you agreed back to, that you got on  
17 January 6th, SBC has been using those definitions  
18 to calculate metrix back in the March, April, May  
19 2002 time frame, is that correct, in those that  
20 you found?

21 MR. BRIAN HORST: Related to those  
22 interpretations, there are cases where they have,



1     yes.

2           Q.   And what would happen if the CLEC's did  
3     not agree to these new business rules that are in  
4     the red line version?  Would you expect that -- I  
5     mean, how would your exception change in that  
6     case?

7           MR. BRIAN HORST:  It still is an interpretation  
8     that has been made.  We have disclosed that there  
9     is an issue.  And under our professional  
10    standards, that's what we are required to do, so  
11    we think we've obviously met our standards in  
12    this area.  It's still an interpretation,  
13    regardless of what happened.

14          Q.   Our Question 19, what is your  
15    understanding of a diagnostic performance  
16    measure?

17          MR. BRIAN HORST:  Diagnostic PM's are PM's  
18    without remedy requirements.

19          Q.   And in one of your -- one of the issues  
20    and I obviously won't --

21          MR. BRIAN HORST:  Let me clarify that, there is  
22    no parity or benchmark comparisons.

1           Q.   If SBC is miscalculating a diagnostic PM,  
2           what is the impact to CLEC's?  What is the  
3           purpose of a diagnostic PM?

4           MR. BRIAN HORST:  We don't differentiate  
5           between a diagnostic PM or a regular PM.

6           Q.   So if there were a diagnostic PM that you  
7           found that was being calculated incorrectly, you  
8           would disclose that and would have an exception?

9           MR. BRIAN HORST:  There are quite a few  
10          diagnostic PM's that have exceptions.

11          Q.   And some that don't, I think, but I will  
12          not bore you with them.  Were there any specific  
13          limitations put on your work?

14          MR. TOWNSLEY:  I think you need to answer so  
15          that the court reporter --

16          MR. BRIAN HORST:  No.

17          BY MS. SHERRY LICHTENBERG:

18          Q.   And in your visits, our Question 21, in  
19          your site visits, did you also make site visits  
20          to CLEC's to determine whether the process that  
21          you were told that was operating in those centers  
22          was actually observed by CLEC's to be operating

1       that way?

2           MR. BRIAN HORST: No, we did not.

3           Q.    So what made you think or how can you --  
4       how have you validated that the process you saw  
5       is the process that is actually being used?

6           MR. KEVIN GRAY: I guess what process exactly  
7       are you talking about?

8           Q.    Well, you talked this morning about the  
9       fact that in looking at the working done in the  
10      LSC, when you had a question you went to the  
11      management or went to someone and said how do you  
12      do that. And they didn't give you any  
13      documentation, they simply told you what they  
14      did, and you accepted that.

15          MS. BLOOM: I think that mischaracterizes the  
16      testimony.

17      BY MS. SHERRY LICHTENBERG:

18          Q.    Can you characterize it for me?

19          MR. KEVIN GRAY: From a site visit perspective?

20          Q.    Yes.

21          MR. KEVIN GRAY: When we went to the LSC we  
22      obtained the documentation of how the process was

1     working, we then interviewed or visited with  
2     those individuals and got a description of their  
3     operations, how they handle -- basically what  
4     their methods and procedures are.

5             We then observed those methods and  
6     procedures, and documented our understanding of  
7     those in our activity dictionary and process  
8     flows. We identified the controls around those  
9     and then we also selected samples from our site  
10    visits of transactions we actually saw occurring.  
11    And then at a later time then we went and traced  
12    those back to source systems to validate that  
13    those transactions were in the source systems.

14        Q. Thank you. I want to go to your Exception  
15    No. 41, which is the billing exception, Billing  
16    14, it's on Page 21 of Attachment A, the  
17    exceptions of compliance.

18            You said that your finding was that the  
19    -- all the relevant information was not obtained  
20    to make sure that rates were correct. Am I  
21    summarizing that properly? Top of the page, No.  
22    41. Did not insure that all items in the audit

1     were tested and did not obtain all the relevant  
2     information. Is that what that exception says?

3           MR. BRIAN HORST: That's correct.

4           Q. Could you help me understand how the data  
5     retention policy solves that exception?

6           MR. BRIAN HORST: Let us get back to you in  
7     writing on this one.

8           Q. Okay. On No. 42, how are you  
9     validating -- on No. 42, what exactly did you  
10    validate to make sure that the USOC rates were  
11    the correct USOC rates according to the table?  
12    This is where you -- where the validation  
13    procedure has changed.

14          MR. BRIAN HORST: Sherry, can you repeat the  
15    question?

16          Q. Yeah, I guess what I don't understand, I  
17    really don't understand how data retention does  
18    No. 41, so thank you for getting the right  
19    answer. What we as CLEC's are seeing is that the  
20    bills that we are receiving appear to have rates  
21    that do not match the tariff or our  
22    interconnection agreements.

1                   And I'm looking to understand how your  
2   billing exception captures that and what you  
3   looked at, what specific data you looked at in  
4   order to create these exceptions.

5           MR. BRIAN HORST: This is one we probably  
6   should get back to you in writing, just given the  
7   wording of the business rules. And is my  
8   understanding correct that there has been some  
9   changes being made or discussed at least  
10   regarding the billing performance measure?

11          Q. You've heard it from someone? Who told  
12   you?

13          MR. BRIAN HORST: I don't know who told me.

14          Q. I guess I'm not the person to answer.

15          MR. JOHN KERN: Maybe I can answer that, if I  
16   could. There was a session with the industry to  
17   talk about billing PM's generally that took place  
18   about two and a half weeks ago.

19                 But the result of that meeting was  
20   continued discussions by the industry. There has  
21   been no agreement to change any business rules,  
22   because SBC, I think, are required to do some

1 program changes to do what the CLEC's wanted to  
2 have done.

3 MR. TIMOTHY CONNOLLY: If I could add to that,  
4 John. Those discussions are not to -- those  
5 discussions, those billing measure discussions  
6 are not attempting to get changes into the  
7 current set of PM's that have been negotiated.  
8 Those are for going forward perhaps in the next  
9 six month review.

10 MR. JOHN KERN: That's a good clarification,  
11 thank you.

12 MR. TIMOTHY CONNOLLY: And I think Sherry's  
13 question was are there PM modifications in the  
14 current red line version that has been submitted  
15 involving billing.

16 BY MS. SHERRY LICHTENBERG:

17 Q. And if I could ask a couple more follow-up  
18 questions on 41, 42 and perhaps 43. Generally  
19 what exactly did you validate was on the bill and  
20 how did you validate that the proper information  
21 was on the bill, and that the correct rate was on  
22 the bill? And what rate -- what source document

1 did you use for the rate?

2 MR. BRIAN HORST: We will get back to you in  
3 writing on that answer.

4 Q. That would be great. Could you also  
5 validate what CLEC bills you looked at? Did you  
6 look at bills for CLEC's that were ordering  
7 UNE-P, did you look at CLEC bills in the carrier  
8 access billing system, CABS format? Did you look  
9 at the electronic version, BOS/BDT? Specifically  
10 exactly how did you evaluate Billing 14 and  
11 Billing 15, what was your process? And if you  
12 can just give me a moment.

13 You talked about controls when Ms. Weber  
14 was asking you questions. And you said there  
15 were some new control measures that had been  
16 implemented in the spring of the year 2000. But  
17 that you were still finding errors in March,  
18 April and May of 2002 related to those controls.  
19 Did you remember that?

20 MR. KEVIN GRAY: I don't believe we said the  
21 controls were implemented in 2000.

22 MR. BRIAN HORST: The business rules.



1           Q.   The business rules were implemented, thank  
2   you, I appreciate that.  Is two years a standard  
3   time frame for implementing controls to make sure  
4   that business rules are calculated properly?

5           MR. BRIAN HORST: No, there is no standard time  
6   frame for when the controls are implemented.  But  
7   the nature of the errors would be items where you  
8   would have to go through and do detailed review  
9   of the code.

10                  What we said is when they did implement  
11   that, there weren't procedures in place that  
12   would identify those errors in code.  And some of  
13   these were self identified by the Company, some  
14   were from our code review and some were from  
15   BearingPointe, obviously.

16           Q.   And now they've put in place procedures to  
17   verify all the code and do regression testing to  
18   make sure when a new PM is implemented the code  
19   is properly put together?

20           MR. BRIAN HORST: No.  We have not tested that  
21   process.  What we responded to earlier is the  
22   specific items identified in our report to the

1 extent that they've been corrected, those issues  
2 eliminated.

3 MS. SHERRY LICHTENBERG: I believe that's all,  
4 thank you, very much.

5 MR. JOHN KERN: Thank you, Sherry. Let's take  
6 a 10 minute break, and then do you want to do  
7 McLeod first or TDS?

8 JUDGE MORAN: You guys can toss.

9 (Whereupon, there was  
10 a short break taken.)

11 (Change of reporters.)

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1                               (Whereupon, there was  
2                               a change of reporter.)  
3       JUDGE MORAN: We are ready to proceed and  
4       Mr. MacBride has questions or responses that will  
5       be of a confidential nature, so we are going into  
6       an in camera proceeding.  
7                               (Whereupon, the following  
8                               proceedings were had in camera.)  
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